



## **REALITY CHECK A POLITICAL PERSPECTIVE ON ENERGY EFFICIENCY**

### **SPEECH BY KELVIN THOMSON TO THE AUSTRALIAN ALLIANCE TO SAVE ENERGY**

Can I take this opportunity to welcome the establishment of the Australian Alliance to Save Energy. The task of meeting our energy needs without trashing the planet and leaving behind a wasteland for our children and grandchildren has literally never been more urgent or topical and your efforts in helping to carry out this task are much appreciated.

Mark has asked me to make a few observations about why energy efficiency is not a higher public policy priority than it is. I think it might be easier to answer this question if we divide policy makers and influences into three categories.

In the first category I would put those people who don't actually want any action to curb carbon emissions. This includes those with a financial interest in carbon pollution – such as coal companies and electricity companies – and those who don't believe the climate science – the so-called climate skeptics. After the dramatic overthrow of the Federal Liberal Party leader in order to stop Senators passing the Carbon Pollution Reduction Schemes, it is, I think not unreasonable to refer to the Liberal Party Room as a Skeptic Tank.

For these people energy efficiency is not of any great priority – they may be willing to speak about it being a good idea, but even then they wonder if they're not conceding too much, and they're certainly not interested in driving real action.

At the other end of the spectrum is my second category of policy makers, who are seized of the problem, and think that urgent and radical action is needed. The difficulty with this group is that they don't think energy efficiency is a silver bullet. They see energy efficiency measures as merely postponing or delaying the carbon problem, not as solving it.

What needs to be pointed out to this group is that there is no silver bullet. Climate experts like Al Gore and Tim Flannery have said that tackling climate change requires a suite of solutions. It is precisely because the climate crisis is so serious that it's pretty much all hands on deck when it comes to ways of reducing carbon. The Chinese say, man with one chopstick go hungry.

I think one of the things which is causing us to struggle with climate change solutions is that we have tended to big, far-off targets, which can be an excuse for inaction on both counts. If the targets are big that can be paralysing – we think the mountain is too high to climb. And if the targets are long-term, we think we don't need to do anything now. We can act later, or even leave it to those who come after us.

I am attracted to thinking of the carbon reduction task in small bites, which are at once both more manageable, and more demanding because they require immediate action. For example, Australia's carbon emissions are still continuing to rise. I think we should be setting a goal of stopping this in 2010 – stabilising our carbon emissions by the end of the year. Then each year after that we should aim to cut our emissions by 2%. It doesn't feel that impossible, taking it one step at a time. But if we could do it for the next 40 years we'd have cut our carbon emissions by 80% by 2050. And if we could do it for the next 50 years we'd have made our country completely carbon neutral – 100% reduction by 2060.

The third group of policy makers more middle of the road – they think action on climate change is needed, but they are in favour of market-based mechanisms. Indeed many would say they support energy efficiency, but it's essentially a matter for the market to deliver it – it's not something which requires government action. Energy efficiency advocates frequently refer to the economic benefits of energy efficiency, which leaves some in government thinking, "well that's good news, and it's very good news for us because we don't have to do anything; industry should simply adopt those measures which are economically sound." And it's consistent with the "no regrets" approach to climate change which we used to hear about quite regularly. "No regrets" was a really silly piece of policy, which essentially went "assume all the scientists are wrong". It was like saying "assume tobacco doesn't cause lung cancer."

There is some substance in the market argument, and there'd be even more substance if the Carbon Pollution Reduction Scheme legislation were to pass the Senate. Putting a price on carbon would clearly steer companies towards energy efficiency measures to reduce their carbon pollution.

The obvious problem is that the Carbon Pollution Reduction Scheme has now been blocked twice in the Senate, and given the dramatic circumstances surrounding its recent defeat in the Senate it's reasonably foreseeable that it will be defeated in the Senate again. We need to be thinking about other shots in the locker beyond the carbon trading system. There is the Renewable Energy Target, of course, and a range of government programs to encourage carbon alternatives.

Copenhagen may give us a clear path forward, but it may not. The fact is that the Liberal Party – counterintuitively for a Party which considers itself to be the party which believes in the market – has declared itself to be against any market-based carbon trading scheme. It would appear to be in favour of government regulation instead, but time will tell whether it has anything serious to propose on the climate front.

All this means that, despite the difficulties in getting policy-makers to pay more than lip-service to energy efficiency, the time may now be right for some energy efficiency proposals to be brought forward. Australia has had over a decade of drift and inaction on the climate front. The Senate vote last week didn't help matters. Both Government and Opposition should be on the lookout for measures, including energy efficiency ones, which can make a genuine and immediate impact on carbon pollution. So don't be too troubled by the 'experts' who are dismissive of energy efficiency. After all, Daryl Zanuck was an expert on communications who used to run 20<sup>th</sup> Century Fox. When asked in 1946 about the prospects for television, he said "it won't be able to hold on to any market it captures after the first six months. People will soon get tired of staring at a plywood box."

The climate is right for energy efficiency.

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